



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

December 9, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

**SEVEN-YEAR LEASE
DEPARTMENT OF MENTAL HEALTH
12440 FIRESTONE BOULEVARD, SUITE 3001, NORWALK
(FOURTH DISTRICT) (3 VOTES)**

SUBJECT

The recommendation is for a seven-year lease for 4,375 rentable square feet of office space for the Department of Mental Health (DMH), Sector II AB3632 Children's Program.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Consider the attached Negative Declaration, together with the fact that no comments were received during the public review process, for the lease of office space at 12440 Firestone Boulevard, Norwalk for the DMH, find that the project will not have a significant effect on the environment and no adverse effect on wildlife resources, find that the Negative Declaration reflects the independent judgment of the County of Los Angeles (County), approve the Negative Declaration and authorize the Chief Executive Office (CEO) to complete and file a Certificate of Fee Exemption for the project.
2. Approve and instruct the Chairman to sign the attached seven-year lease with Saddleback Square, LLC., (Landlord) for the DMH for 4,375 square feet of office space located on the third floor of 12440 Firestone Boulevard, Norwalk and 18 non-exclusive on-site parking spaces at an initial maximum annual rental rate of \$121,011. The rental costs are 100 percent funded through a combination of Federal and State funds.

"To Enrich Lives Through Effective And Caring Service"

**Please Conserve Paper – This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only**

3. Authorize the Internal Services Department (ISD), or the Landlord, at the direction of the Chief Executive Officer, to acquire telephone, data and low-voltage systems for DMH at a cost not to exceed \$240,000. All of the telephone, data and low-voltage systems will be paid in a lump sum payment.
4. Authorize the CEO, DMH and ISD to implement the project. The lease will be effective upon approval by your Board, but the term and the rent will not commence until completion of the improvements by the Landlord and acceptance by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Pursuant to the Federal Individuals with Disabilities Education Act (IDEA), all school-age children are entitled to a free appropriate public education that prepares them to live and work in the community. California State AB3632 insures the accessibility of mental health programs to eligible students who are having difficulty benefiting from the public education systems. The County AB3632 Program, through assessment and case management, determines mental health services eligibility for special education students, children with special education needs and children with observable emotional and/or behavioral characteristics. Sector II AB3632 provides services in SPA 3, 6, 7, and 8, which comprises approximately 60 school districts.

In 1990, Sector II AB3632 Program co-located with the San Antonio Mental Health Center at 6450 Garfield Avenue, Bell Gardens, where both programs remained until February 2005. DMH then divided the program and relocated it to County leased facilities in Norwalk, Pasadena and Los Angeles due to the Landlord's unwillingness to renew the lease. The proposed lease will provide permanent housing and enable the program to reunite all the staff and pertinent files into one location.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we provide effective, efficient, goal-oriented service delivery systems (Goal 3), and that we strengthen the County's fiscal capacity (Goal 4). The proposed agreement supports these goals by centrally locating a DMH program in appropriate leased space within the service area. This proposed lease complies with the Strategic Asset Management Principles, as shown in Attachment A.

FISCAL IMPACT/FINANCING

The maximum initial rental cost for the proposed full-service lease will be \$121,011 annually, which is 100 percent offset by Federal and State funds.

Proposed New Lease	12440 Firestone Boulevard, Suite 3001, Norwalk
Area	4,375 rentable square feet
Term	The seven-year term commences thirty days after completion of the Tenant Improvement (TI) by the Landlord and acceptance by the County.
Option to Renew	One seven-year option
Annual Base Rent	\$84,000
Rental Rate Adjustment	The base rent is subject to annual Consumer Price Index (CPI) adjustment capped at 4 percent.
Additional TI Allowance	\$153,125
Maximum Annual Rent ⁽¹⁾	\$121,011
Cancellation ⁽²⁾	Either Landlord or Tenant may cancel at any time after the 42 nd month of the lease term, and any time after the 42 nd month of the option period on 90 days advance written notice to Landlord.
Parking (included in Rent)	18 parking spaces.

(1) Includes the Additional TI Allowance (\$153,125) amortized at 8 percent interest over a five-year period, resulting in an annual payment of \$121,011; based on amortization at the beginning of the period. The County may also repay the Additional TI Allowance in a lump sum payment at any time.

(2) Cancellations: **County** – if the County terminates the lease during original term, County is to reimburse the unpaid principal amount of the TI funds to the Landlord.
Landlord – if the Landlord terminates the lease during the original term, County is not required to reimburse Landlord the unamortized balance of the Additional TI allowance.

Sufficient funding for the proposed lease is included in the 2008-09 Rent Expense budget and will be charged back to the DMH. Sufficient funding is available in DMH's operating budgets to cover the projected lease costs. The lease costs are 100 percent funded through a combination of Federal and State funds.

The total purchase costs for the telephone, data and low-voltage systems is estimated not to exceed \$240,000 and will be paid in lump sum payment by DMH.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed seven-year lease will provide approximately 4,375 rentable square feet of office space along with 18 non-exclusive parking spaces. The lease contains the following provisions.

- The seven-year term will commence 30 days after Board approval, completion of TI by Landlord, and acceptance by the County.
- An annual base rental rate of \$84,000, subject to annual CPI adjustment capped at 4 percent per year.
- Landlord will provide a space build-out pursuant to Tenant's space plan at a cost that is included in the basic rental rate.
- An Additional TI allowance of \$153,125 (\$35 per square foot) for furniture and other TI that may be required, may be amortized at the rate of 8 percent over a five-year period, or may be paid completely or in part, in a lump sum payment.
- A cancellation provision allowing the County or the Landlord to cancel at any time after the forty-second month of the lease term and the forty-second month of the option term on 90 days notice to the other party.
- In the event the County terminates the lease, County will reimburse the unpaid principal amount of the Additional TI funds to the Landlord.
- In the event the Landlord terminates the lease, County will not be obligated to reimburse any TI funds to the Landlord.

CEO Real Estate staff surveyed the area to determine the availability of comparable and more economic sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement in a more economical manner. Attachment B shows all County-owned or leased facilities for this program.

The Department of Public Works has completed a seismic inspection of the facility and has found it suitable for County use.

A childcare center is not feasible at this location.

ENVIRONMENTAL DOCUMENTATION

The CEO has made an initial study of the environmental factors and has concluded that this project will have no significant impact on the environment and no adverse effect on wildlife resources. Accordingly, this office has prepared a Negative Declaration and posted a notice at the site as required by the California Environmental Quality Act (CEQA) and the California Administrative Code, Section 15072. Attached are copies of the completed Initial Study, the resulting Negative Declaration, and a copy of the posted

The Honorable Board of Supervisors
December 9, 2008
Page 5

Notice of Intention to Adopt a Negative Declaration. No comments to the Negative Declaration were received. The State Department of Fish and Game requires a fee when filing certain notices with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease will provide the necessary office space for this County requirement.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return four originals of the executed lease and two certified copies of the Minute Order, and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL:JSE
CEM:CMB:hd

Attachments (4)

C: County Counsel
Auditor-Controller
Department of Mental Health
Internal Services Department

DEPARTMENT OF MENTAL HEALTH
12440 FIRESTONE BOULEVARD, NORWALK
Asset Management Principles Compliance Form¹

1.	Occupancy		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ²			X
	C	Does this lease centralize business support functions?			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ² The ratio for this facility is 200 sq. ft per person	X		
2.	Capital				
	A	Is it a substantial net County cost (NCC) program?		X	
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered? Due to the small size of the program a build-to-suit is not feasible.	X		
3.	Portfolio Management				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			
		1. ___ The program clientele requires a "stand alone" facility.			
		2. <u>x</u> No suitable County occupied properties in project area.			
		3. <u>x</u> No County-owned facilities available for the project.			
		4. ___ Could not get City clearance or approval.			
	E	5. ___ The Program is being co-located.			
		Is lease a full service lease?			
		Has growth projection been considered in space request?			
		Has the Dept. of Public Works completed seismic review/approval?			
		Has the Dept. of Public Works completed seismic review/approval?			
	¹ As approved by the Board of Supervisors 11/17/98				
	² If not, why not?				

SEARCH FOR DMH
5 Mile Radius of 6450 Garfield Avenue, Bell Gardens
(4,000 to 5,000 Square Feet)

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
X155	ISD-EASTERN AVE COMPLEX TELECOM BUTLER BLDG	1112 N EASTERN AVE, LOS ANGELES 90063	4960	4638	OWNED	NONE
4238	ANIMAL CONTROL #1-DOWNEY SHELTER ADMIN BLDG	11258 GARFIELD AVE, DOWNEY 90242	4257	2772	OWNED	NONE
Z378	CDC-HA-IMPERIAL COURTS APARTMENTS-JOBS PLUS	11534 CROESUS AVE, LOS ANGELES 90059	5000	4000	HOUSING AUTHORITY	NONE
T544	MED CTR-QUALITY ASSURANCE/UTILIZATION REVIEW	1200 N STATE ST, LOS ANGELES 90033	4334	3629	OWNED	NONE
T555	MED CTR-PATIENT FINANCIAL SERVICES T-17	1200 N STATE ST, LOS ANGELES 90033	4661	3482	OWNED	NONE
Y136	CENTRO MARAVILLA SERVICE CENTER-BLDG C	4716 CESAR E CHAVEZ AVE, LOS ANGELES 90022	4073	3112	OWNED	NONE
A680	PUBLIC LIBRARY-CUDAHY LIBRARY	5218 SANTA ANA ST, CUDAHY 90201	4396	3332	LEASED	NONE
A308	PUBLIC LIBRARY-BELL GARDENS LIBRARY	7110 GARFIELD AVE, BELL GARDENS 90201	5000	4213	PERMIT	NONE
Y264	PROBATION-KENYON JUSTICE CENTER OFFICE	7672 S CENTRAL AVE, LOS ANGELES 90001	4505	2190	OWNED	NONE

**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE**

ORIGINAL FILED

OCT 29 2008

NEGATIVE DECLARATION

LOS ANGELES, COUNTY CLERK

I. Location and Description of the Project

The proposed project is for the County of Los Angeles to lease 4,375 square feet of office space and 18 on-site parking spaces in an existing building at 12440 Firestone Boulevard, Norwalk, California. The Department of Mental Health (DMH) will occupy the space and provide services to the communities of East Los Angeles, San Gabriel Valley and Southeastern Los Angeles County. Located in the Fourth Supervisorial District, the building, is 16.6 miles southeast from the Los Angeles Civic Center, comprises 57,204 square feet and is a freestanding three-story building.

II. Finding of No Significant Effect

Based on the attached initial study, it has been determined that the project will not have a significant effect on the environment.

III. Mitigation Measures

None required.

INITIAL STUDY

I. Location and Description of Project

The proposed premises are located at 12440 Firestone Boulevard, Norwalk, in the Fourth Supervisorial District approximately 16.6 miles southeast of the Los Angeles Civic Center, approximately ½ mile west of the Santa Ana Freeway (I-5), 2 miles east of the San Gabriel Freeway (605), and 2 miles north of the Riverside Freeway (I-91) Freeway.

The privately owned building is 33 years old, and included on-site is a surface parking lot.

The project consists of leasing this space according to the terms of the proposed lease. An average of twenty-three employees will occupy the space with the maximum employee occupancy to be between the hours of 8:30 a.m. and 4:30 p.m. An average of one hundred thirty members of the public are expected to visit the facility monthly, or approximately six visitors daily, to use the various services offered by the Department of Mental Health. No expansion of the existing building will occur for this project; however there will be minor upgrades to the electrical, HVAC systems and interior redecorating.

II. Compatibility with General Plan

The City of Norwalk has zoned the property "C3", thus, its current use as an office building is a permitted use under the current zoning designation.

III. Environmental Setting

The project site includes 114,408 square feet of developed property and is in an area that includes commercial, industrial and limited residential properties. Firestone Boulevard borders the site on the East side, Front Street on the West side, Norwalk Boulevard on the North, and Rosecrans Avenue on the South side.

IV. Identification of Environmental Effects

- A. The proposed project will not impact existing land forms.
- B. The project will not conflict with adopted environmental plans and goals of the County of Los Angeles.
- C. The project will not have a negative aesthetic effect on the proposed site. The existing facility will continue to be maintained by its owner as part of the lease arrangement.
- D. No rare or endangered species of animal or plant or the habitat of the species will be affected by the project. Nor will it interfere with the movement of any resident fish or wildlife species or migratory fish or wildlife species.

- E. The project will not breach published national, state or local standards relating to solid waste or litter control.
- F. Development will not substantially degrade water quality, contaminate water supply, substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge.
- G. There are no known archeological sites existing at the project site.
- H. The proposed project will not induce substantial growth or concentration of population.
- I. The project will not cause a substantial increase to existing traffic beyond that experienced when the property was occupied by its previous tenant. Nor will it affect the carrying capacity of the present street system. The County's use is in conformance with uses intended pursuant to the current zoning identification of the site
- J. The project will not displace any persons from the site.
- K. The project will not substantially increase the ambient noise levels to adjoining areas. Noise generated by the proposed County use does not exceed that previously experienced in the area when occupied by private tenants.
- L. The proposed project will not cause flooding, erosion or siltation.
- M. The project will not expose people or structures to major geologic hazards.
- N. The project will not expand a sewer trunk line. All necessary utilities are available currently to the facility.
- O. No increased energy consumption is anticipated by the County's use of the premises beyond the level of consumption previously when the building was fully occupied.
- P. The project will not disrupt or divide the physical arrangement of established community; nor will it conflict with established recreational, educational, religious or scientific uses of the area.
- Q. No public health or safety hazard or potential public health or safety hazard will be created by this project.
- R. The project will not violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.

V. Discussions of Ways to Mitigate Significant Effects

The proposed project is not expected to create any significant effects on the environment. To mitigate any effects upon the surrounding community the following measures will be implemented:

A. None Required.

VI. Initial Study Preparation

Real Estate Division of the Los Angeles County Chief Executive Office prepared and completed this study on October 29, 2008. Departmental Contact is Clemmie Booker (213) 974-4340.

NEGATIVE DECLARATION

Department Name:

Department of Mental Health

Project:

AB3632 Assessment and Case Management

Pursuant to Section 15072, California Environmental Quality Act and California Administrative Code Title 14, Division 6

1. Description of Project

The leasing of approximately 4,375 square feet in an existing commercial building to be used by the County of Los Angeles, Department of Mental Health.

2. a. Location of Project (plot plan attached)

12440 Firestone Boulevard
Norwalk, CA

b. Name of Project Proponent

County of Los Angeles
Chief Administrative Office
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012

3. Finding for Negative Declaration

It has been determined that this project will not have a significant effect on the environment based on information shown in the attached Environmental Information Form dated October 29, 2008, which constitutes the Initial Study of this project.

4. Initial Study

An Initial Study leading to this Negative Declaration has been prepared by the Chief Executive Office and is attached hereto.

5. Mitigation Measures Included in Project

None required.

Date
10/29/08

Real Property Agent
Clemmie Booker

Telephone
(213) 974-4340

DATE POSTED – October 29, 2008

NOTICE OF INTENT TO ADOPT A NEGATIVE DECLARATION

This notice is provided as required by the California Environmental Quality Act and California Administrative Code Title 14 Division 6, Section 15072.

A Negative Declaration has been prepared for this site based on an Initial Study which consists of completion and signing of an Environmental Information Form showing background information as follows:

- | | |
|---|---|
| 1. <u>Name of Proponent</u> | County of Los Angeles
Chief Administrative Office |
| 2. <u>Address/Phone No.</u> | 222 South Hill Street, 3 rd Floor
Los Angeles, California 90012

Agent: Clemmie Booker
Phone: (213) 974-4340 |
| 3. <u>Date Information Form Submitted</u> | October 29, 2008 |
| 4. <u>Agency Requiring Information Form</u> | Los Angeles County
Chief Executive Office |
| 5. <u>Name of Proposal, if Applicable</u> | AB3632 Assessment and Case
Management, Department of
Mental Health |
| 6. <u>Address of Facility Involved</u> | 12440 Firestone Boulevard
Norwalk, CA |

Interested parties may obtain a copy of the Negative Declaration and the completed Environmental Information Form/Initial Study by contacting the Real Property Agent indicated under 2. above and referring to the proposal by name or to the facility by address.

Si necesita informacion en espanol, por favor de comunicarse con Carlos Marquez, (213) 974-4163, para asistencia en obtener una traduccion.

Street Map Plus Report

For Property Located At

RealQuest.com®

12440 FIRESTONE BLVD, NORWALK CA 90650-4328



= Exact location of subject may vary by up to 300 feet

**COUNTY OF LOS ANGELES
CHIEF EXECUTIVE OFFICE
LEASE AGREEMENT**

**DEPARTMENT OF MENTAL HEALTH - Tenant
SADDLEBACK SQUARE, LLC - Landlord**

**12440 FIRESTONE BOULEVARD
SUITE 3001
NORWALK, CALIFORNIA**

76864

TABLE OF CONTENTS

1.	BASIC LEASE INFORMATION.....	1
1.1.	TERMS.....	1
a.	Landlord's Address For Notice:	1
b.	Tenant's Address For Notice:	1
c.	Premises:	1
d.	Building:	1
e.	Term:.....	2
f.	Projected Commencement Date:	2
g.	Commencement Date:.....	2
h.	Base Rent:	2
i.	Early Termination Notice Date:.....	2
j.	Rentable Square Feet in the Premises:.....	2
k.	Use:.....	2
l.	Initial Departmental Use:	2
m.	Parking Spaces:.....	2
n.	Normal Working Hours:	2
o.	Asbestos Report:	2
1.2.	DEFINED TERMS RELATING TO LANDLORD'S WORK LETTER.....	3
a.	Base Tenant Improvement Allowance:	3
b.	Additional Tenant Improvement Allowance:	3
c.	Additional Tenant Improvement Amortization Rate:	3
d.	Tenant's Work Letter Representative:	3
e.	Landlord's Work letter Representative:	3
f.	Landlord's Address for Work letter Notice:	3
g.	Tenant's Address for Work Letter Notice.....	3
1.3.	EXHIBITS TO LEASE:	3
1.4.	LANDLORD'S WORK LETTER:	4
1.5.	SUPPLEMENTAL LEASE DOCUMENTS:	4
2.	PREMISES	4
3.	COMMON AREAS	5
4.	COMMENCEMENT AND EXPIRATION DATES.....	5
4.1.	TERM.....	5
4.2.	TERMINATION RIGHT.....	6
4.3.	EARLY POSSESSION	6
4.4.	EARLY TERMINATION	6
a.	Tenant Termination Right	6
b.	Landlord Termination Right	6
4.5.	OPTION TO RENEW	7
5.	RENT	8
5.1.	BASE RENT	8
5.2.	RENTAL RATE ADJUSTMENT.....	8
A.	Rental Adjustment:	8
B.	General Provisions	9
6.	USES.....	9
7.	HOLDOVER	9
8.	COMPLIANCE WITH LAW	10
9.	DAMAGE OR DESTRUCTION.....	10

9.1.	DAMAGE	10
9.2.	TENANT TERMINATION RIGHT.....	10
9.3.	DAMAGE IN LAST YEAR.....	11
9.4.	DEFAULT BY LANDLORD.....	11
10.	REPAIRS AND MAINTENANCE	11
10.1.	LANDLORD REPRESENTATIONS	11
10.2.	LANDLORD OBLIGATIONS	12
10.3.	TENANT OBLIGATIONS	12
10.4.	TENANT'S RIGHT TO REPAIR	13
11.	SERVICES AND UTILITIES	13
11.1.	HVAC	13
11.2.	ELECTRICITY	14
11.3.	ELEVATORS.....	14
11.4.	WATER	14
11.5.	JANITORIAL	14
11.6.	ACCESS	14
12.	LANDLORD ACCESS	14
13.	TENANT DEFAULT	15
13.1.	DEFAULT.....	15
13.2.	TERMINATION	15
13.3.	NO EFFECT ON INDEMNITY	15
14.	LANDLORD DEFAULT	15
14.1.	REMEDIES.....	15
14.2.	WAIVER	16
14.3.	EMERGENCY	16
15.	ASSIGNMENT AND SUBLETTING.....	16
16.	ALTERATIONS AND ADDITIONS	17
16.1.	LANDLORD CONSENT	17
16.2.	END OF TERM.....	17
17.	CONDEMNATION.....	17
17.1.	CONTROLLING TERMS.....	17
17.2.	TOTAL TAKING.....	18
17.3.	PARTIAL TAKING.....	18
17.4.	RESTORATION	18
17.5.	AWARD	18
17.6.	WAIVER OF STATUE.....	19
18.	INDEMNIFICATION	19
18.1.	TENANT'S INDEMNITY	19
18.2.	LANDLORD'S INDEMNITY.....	19
19.	INSURANCE	19
19.1.	LANDLORD'S INSURANCE.....	19
19.2.	INSURANCE REQUIREMENTS	20
19.3.	CERTIFICATES	20
19.4.	WAIVER OF SUBROGATION.....	21
20.	PARKING	21
20.1.	TENANT'S RIGHTS	21
20.2.	REMEDIES.....	21

21. ENVIRONMENTAL MATTERS.....	22
21.1. HAZARDOUS MATERIALS.....	22
21.2. LANDLORD INDEMNITY	22
22. ESTOPPEL CERTIFICATES	23
23. TENANT IMPROVEMENTS.....	23
24. LIENS	23
25. SUBORDINATION AND MORTGAGES	23
25.1. SUBORDINATION AND NON-DISTURBANCE	23
25.2. EXISTING DEEDS OF TRUST	24
25.3. REQUEST FOR NOTICE.....	24
25.4. NOTICE OF DEFAULT.....	24
26. SURRENDER OF POSSESSION.....	24
27. SIGNAGE	24
28. QUIET ENJOYMENT	25
29. GENERAL	25
29.1. HEADINGS.....	25
29.2. SUCCESSORS AND ASSIGNS.....	25
29.3. BROKERS.....	25
29.4. ENTIRE AGREEMENT.....	25
29.5. SEVERABILITY	26
29.6. NOTICES	26
29.7. GOVERNING LAW AND FORUM.....	26
29.8. WAIVERS	26
29.9. TIME OF ESSENCE	26
29.10. CONSENT.....	26
29.11. COMMUNITY BUSINESS ENTERPRISES	27
29.12. MEMORANDUM OF LEASE.....	27
30. AUTHORITY.....	27
31. ACKNOWLEDGEMENT BY LANDLORD.....	28
31.1. CONSIDERATION OF GAIN PROGRAM PARTICIPANTS.....	28
31.2. SOLICITATION OF CONSIDERATION.....	28
31.3. LANDLORD ASSIGNMENT.....	28
32. IRREVOCABLE OFFER	30
Exhibit A – Floor Plan of the Premises.....	i
Exhibit B – Legal Description of the Property.....	ii
Exhibit C – Commencement Date memorandum and Confirmation of Lease Terms.....	iii
Exhibit D – Heating, Ventilation, and Air Conditioning Standards.....	iv
Exhibit E – Cleaning and Maintenance Schedule	v

Landlord's Work Letter

Addendum A – Base Building Improvements
 Addendum B – Tenant Improvements
 Addendum C – Form of Budget
 Addendum D – Costs of Tenant Improvements

Supplemental Lease Documents:

COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AGREEMENT

THIS LEASE is entered into as of the 9th day of December, 2008
between Saddleback Square, LLC, a California limited Liability company ("Landlord"),
and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION

1.1. Terms

The following terms as used herein shall have the meanings provided in this
Section 1, unless otherwise specifically modified by provisions of this Lease:

a. Landlord's Address For Notice:	<u>Saddleback Square, LLC</u> <u>1211 W Imperial Hwy, Suite 200</u> <u>Brea, California 92821</u>
b. Tenant's Address For Notice:	Board of Supervisors 383 Kenneth Hahn Hall of Administration 500 West Temple Street, Los Angeles, California 90012 With a copy to: Chief Administrative Office Real Estate Division 222 South Hill Street, 3 rd Floor Los Angeles, California 90012 Attention: Director of Real Estate Fax Number: (213) 217-4971
c. Premises:	Approximately 4,375 rentable square feet known as Suite 3001 in the Building (defined below), as shown on Exhibit A attached hereto.
d. Building:	The Building located at 12440 Firestone Boulevard, Suite 3001, Norwalk, California which is located upon the real property described more particularly in Exhibit B attached hereto (the "Property");

e. Term:	Seven years commencing 30 days after "Tenant's Acceptance of the Premises" as defined in Section 4.1, which shall be done in a timely manner (the "Commencement Date");
f. Projected Commencement Date:	January 1, 2009
g. Commencement Date:	_____
h. Base Rent:	\$ 7,000 per month (which is based upon a rental rate of \$1.60 per rentable square foot)
i. Early Termination Notice Date:	Landlord and Tenant have the right to cancel this Lease anytime after the forty-second month of the Lease Term and the forty-second month of the Option Term upon 90 days prior written notice to the other party.
j. Rentable Square Feet in the Premises:	Approximately 4,375
k. Use:	General office use of for any other lawful purposes not incompatible with other uses in the Building.
l. Initial Departmental Use:	Department of Mental Health
m. Parking Spaces:	18 non-exclusive parking spaces
n. Normal Working Hours:	7:00 a.m. to 6:00 p.m., Monday through Friday and 8:00 a.m. to 1:00 p.m. Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Friday after Thanksgiving, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.
o. Asbestos Report:	A Phase I Environmental Site Assessment Report

1.2. Defined Terms Relating to Landlord's Work Letter	
a. Base Tenant Improvement Allowance:	Landlord to provide build-out pursuant to Tenant space plan.
b. Additional Tenant Improvement Allowance:	<u>\$153,125. (\$35.00 per rentable square foot.</u>
c. Additional Tenant Improvement Amortization Rate:	<u>8%</u> per annum
d. Tenant's Work Letter Representative:	Clemmie Booker
e. Landlord's Work letter Representative:	Lindsey Knobloch
f. Landlord's Address for Work letter Notice:	Saddleback Square, LLC 1211 W Imperial Hwy, Suite 200 Brea, California 92821
g. Tenant's Address for Work Letter Notice	Board of Supervisors 383 Kenneth Hahn Hall of Administration 500 West Temple Street Los Angeles, California 90012 With a copy to: Chief Administrative Office Real Estate Division 222 South Hill Street, 3 rd Floor Los Angeles, California 90012 Attention: Director of Real Estate Fax Number: (213) 217-4971
1.3. Exhibits to Lease: (executed concurrently with this Lease and made a part hereof by this reference):	Exhibit A - Floor Plan of Premises Exhibit B - Legal Description of Property Exhibit C - Commencement Date Memorandum and Confirmation of Lease Terms Exhibit D - HVAC Standards Exhibit E - Cleaning and Maintenance

1.4. Landlord's Work Letter: (executed concurrently with this Lease and made a part hereof by this reference):	Landlord's Work Letter Addendum A: Base Building Improvements Addendum B: Tenant Improvements Addendum C: Form of Budget Addendum D: Costs of Tenant Improvements
1.5. Supplemental Lease Documents: (delivered to Landlord and made a part hereof by this reference):	Document I: Subordination, Non-disturbance and Attornment Agreement Document II: Tenant Estoppel Certificate Document III: Community Business Enterprises Form Document IV: Memorandum of Lease Document V: Request for Notice

2. PREMISES

- 2.1. Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.
- 2.2. Tenant shall have the right within 90 days of approval of this Lease by the Board of Supervisors of the County of Los Angeles ("Board of Supervisors") to field-measure and verify the exact footage of the Premises and/or the Building. All measurements shall be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association ("BOMA") International except that no penthouse mechanical room space shall be included in the measurement. Should this measurement be less than the square footage stated above, Tenant shall have the right to adjust such square footage and reduce the Base Rent in Section 1 accomplished by the mutual execution of a memorandum of understanding between the Landlord and the Tenant. Such adjusted Base Rent shall be equal to the mutually agreed to rentable square footage multiplied by \$1.60 per rentable square foot per month. Landlord acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no adjustment made to either the square footage or the Basic Rent in the event the measured square footage exceeds the amount represented by Landlord. Should Landlord and Tenant not agree with respect to the results of the measurement conducted pursuant to this Subsection 2.2 Landlord shall appoint an independent firm or person who is experienced in making such

measurements whose determination with respect to which measurement is correct shall be final and binding upon the parties. Landlord and Tenant shall share equally in the fees of such firm.

3. COMMON AREAS

Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Area established by Landlord.

4. COMMENCEMENT AND EXPIRATION DATES

4.1. Term

The term of this Lease shall commence upon the Commencement Date and terminate on the Termination date. Within 30 days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C. The Commencement Date shall begin 30 days after Tenant's Acceptance of the Premises. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Premises are Substantially Complete, Tenant has inspected the Premises and Tenant has accepted the Premises. The term "Substantial Completion" as used in this Lease shall mean compliance with all of the following:

- a. The shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises;
- b. Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease, including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises;
- c. Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent;
- d. Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and

4.2. Termination Right

If the Commencement Date has not occurred within 90 days from the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays as provided in Landlord's Work Letter, which has been executed concurrently herewith, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder.

4.3. Early Possession

Tenant shall be entitled to possession of the Premises not less than 30 days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early occupancy shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay Basic Rent for such early occupancy period.

4.4. Early Termination

a. Tenant Termination Right

Tenant shall have the right to terminate this Lease any time after the forty-second (42nd) month of the Term by providing Landlord no less than ninety days prior written notice by letter from Tenant's Chief Executive Office ("CEO"). Tenant shall reimburse to the Landlord the any unamortized balance of the Additional Tenant Improvement Allowance. Additionally, in the event Lessee exercises its Option to renew this Lease, as provided in Section 4.5 hereof, Tenant shall also have the right to cancel this Lease at anytime after the forty-second (42nd) month of the Option Term by providing Landlord no less than ninety (90) days prior written notice by CEO letter.

b. Landlord Termination Right

Landlord shall have the right to terminate this Lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Tenant not less than 90 days prior written notice. In the event Landlord terminates this Lease, Tenant shall not be required to reimburse Landlord the unamortized balance of the Additional Tenant Improvement Allowance.

4.5. Option to Renew

Tenant shall have the option to renew this Lease (the "Option") for one (1) additional period of seven (7) years (the "Option Term") under the same terms and conditions set forth herein, except the rental rate shall be adjusted by negotiation to the then-prevailing fair rental value which LL could derive from the Premises if they were made available on the open market ("Fair Rental Rate"). The Fair Rental Rate of the Premises shall be determined by using the rental rate prevailing for similarly-improved office space within a one (1) mile radius of the Premises. If similarly improved office space cannot be found within a one (1) mile radius of the Premises, then the search area shall be enlarged to a two (2) mile radius. In determining the Fair Rental Rate, equitable adjustments to the surveyed rental values shall be made for the size and credit worthiness of the Tenant, the quality of the project, the nature of the Tenant's improvements and any other lease terms having an impact on rental value (such as a tenant's option to expand or purchase). If Tenant and Landlord cannot agree to fair market rental rate within two weeks after notice by Tenant of its exercise of the Option to renew, then the fair rental survey shall be conducted by the LL's appraiser and Tenant's appraiser, each of which shall be designated as a Member of the Appraisal Institute of Real Estate Appraisers (MAI), Society of Real Estate Appraisers (SREA) or a Certified Property Manager (CPM). LL shall pay the costs for LL appraiser and Tenant shall bear the cost of Tenant's appraiser.

If the Parties cannot agree on the Fair Rental Rate thirty (30) days prior to the expiration of the Lease Term, LL and Tenant shall mutually select a third appraiser who shall also conduct a fair rental appraisal. The third appraiser shall be designated as a Member of the Appraisal Institute of Real Estate Appraisers (MAI), Society of Real Estate Appraisers (SREA) or a Certified Property Manager (CPM). The average of the two (2) appraisals nearest in value shall be the Fair Rental Rate. The cost of the third appraiser shall be borne equally by LL and Tenant. In the event the negotiations are not completed prior to the effective date of the rent adjustment, Tenant shall continue to pay rent at the then-current rate and Tenant shall pay LL in a lump sum the difference between the payments made and the adjusted rent due to LL if any adjustment is needed. Such payment shall be made to LL within sixty (60) days of the determination of Fair Rental Rate.

Tenant, by Chief Executive Office letter, shall notify LL in writing not less than ninety (90) days prior to expiration of the Lease Term of Tenant's intention to exercise the Option. The actual exercise of the Option shall be only by the Board of Supervisors of the County of Los Angeles

5. RENT

5.1. Base Rent

The first full calendar month's rent shall be due and payable within 30 days of the Commencement Date in the total amount shown in Section 1(h) hereof. A monthly installment in the same amount, subject to the adjustments described herein below, shall be due and payable without demand on or before the first day of each calendar month succeeding the Commencement Date during the Term, except that Rent for any fractional calendar month at the commencement or end of the Term shall be prorated on a daily basis provided Landlord shall file a payment voucher with the Auditor of the County of Los Angeles (the "County") for the monthly Rent prior to the Commencement Date for the initial month(s) of the Term up to and including June, and annually thereafter in June for the ensuing 12 months.

5.2. Rental Rate Adjustment

A. Rental Adjustment:

For each successive twelve (12) months of the original Term of this Lease, the Base Rent as set forth in Section 1.1 shall be adjusted on the first anniversary date of the first full calendar month following the Commencement Date and every twelve (12) months thereafter, in accordance with the CPI formula set forth in this Section.

CPI Formula: The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Orange County-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1984=100), herein referred to as "Index". (The "Base Index" shall be the Index published for the month before the Commencement Date.)

The rental adjustment for the Base Rent shall be calculated by multiplying Base Rent by a fraction, the numerator being the New Index which is the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Base Index. The formula shall be as follows:

$$(\text{New Index} \div \text{Base Index}) \times \text{Base Rent} = \text{Adjusted Monthly Rent}$$

$$(\text{New Index} \div \text{Base Index}) \times \$7,000 = \text{Adjusted Monthly Rent}$$

If the Index is changed so that the base year of the Index differs from that used as of the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this Lease, such other governmental index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute index (if the original index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to arbitration for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

B. General Provisions

The foregoing is subject to the following:

1. In no event shall the Base Rent adjustment based upon the CPI formula set forth in this Section 5.2 result in an annual increase greater than four percent (4%) per year of the monthly Base Rent of \$7,000 (i.e. \$280.00 per month annually).
2. In no event shall the Basic Rent be adjusted by the CPI formula to result in a lower monthly rent than was payable during the prior year.

6. USES

The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

7. HOLDOVER

If Tenant remains in possession of the Premises or any part thereof after the expiration of the term of this Lease, such occupancy shall be a tenancy which is terminable only upon 90 days written notice from Landlord or 30 days written notice from the Chief Executive Officer of Tenant at the last monthly Base Rent payable under this Lease (as such Base Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW

Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvement to the Premises.

9. DAMAGE OR DESTRUCTION

9.1. Damage

In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material Default hereunder. Base Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

9.2. Tenant Termination Right

In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days for any reason, then Tenant may terminate this Lease by giving written notice within ten days after notice from Landlord specifying such time period of repair; and this lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to terminate this

Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

9.3. Damage In Last Year

Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than 30 days after such destruction, in which case:

- a. Landlord shall have no obligation to restore the Premises,
- b. Landlord may retain all insurance proceeds relating to such destruction, and
- c. This Lease shall terminate as of the date which is 30 days after such written notice of termination.

9.4. Default By Landlord

If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may:

- a. Declare a default hereunder or
- b. Perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at ten percent (10%) per annum, from the Basic Rent next due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE

10.1. Landlord Representations

To the best of Landlord's knowledge, Landlord represents to Tenant that:

- a. The Premises, the Building and all Common Areas (including electrical, heating, ventilating, and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) comply with all current laws, codes, good working order and condition;
- b. The Building and Premises comply with all covenants, conditions, restrictions and underwriter's requirement; and
- c. The Premises, Building and Common Areas are free of the presence of Hazardous Materials (as hereinafter defined) and
- d. Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection

of the Premises and the Building and the Phase I Environmental Report that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

10.2. Landlord Obligations

- a. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed.
 - i. the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intra-building network cable
 - ii. mechanical (including HVAC), electrical, plumbing and fire/life systems serving the Building
 - iii. the Common Areas;
 - iv. exterior windows of the Building; and
 - v. elevators serving the Building.
- b. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to:
 - i. the floor covering (if such floor covering is carpeting it shall be replaced as needed but not less often than after five years of use);
 - ii. interior partitions;
 - iii. doors;
 - iv. the interior side of demising walls (which shall be repainted as needed but not less often than every five years and
 - v. signage.

10.3. Tenant Obligations

Without limiting the foregoing, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall:

- a. be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed,
- b. be at least equal in quality, value and utility to the original work or installation, and
- c. be in accordance with all laws.

10.4. Tenant's Right To Repair

If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than five days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by Landlord within ten days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 14.

11. SERVICES AND UTILITIES

This is a full service lease; Landlord shall furnish at its sole cost and expense the following services and utilities to the Premises:

11.1. HVAC

Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard

comparable to other first-class buildings and not less than the standard set forth in Exhibit D attached hereto.

11.2. Electricity

Landlord shall furnish to the Premises the amount of electric current provided for in the Working Drawings (if applicable) but in any event not less than seven watts of electric current (connected load) per square foot of Rentable Square Feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or sub-panels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

11.3. Elevators

Landlord shall furnish passenger elevator services to the Premises during Normal Working Hours. During all other hours, Landlord shall furnish passenger elevator cab service in the elevator bank serving the Premises on an as needed basis.

11.4. Water

Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

11.5. Janitorial

Landlord shall provide janitorial service on five nights per week generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

11.6. Access

Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

12. LANDLORD ACCESS

Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or Premises, Basic Rent shall be prorated based upon the percentage of the Premises or

Building rendered untenable and not used by Tenant. Landlord shall have the right at any and all time to enter the Premises in the event of an emergency.

13. TENANT DEFAULT

13.1. Default

The occurrence of any one or more of the following events (a "Default") shall constitute a material default and breach of this Lease by Tenant:

- a. the failure by Tenant to make any payment of Base Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten days after written notice to Tenant;
- b. the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of 30 days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than 30 days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

13.2. Termination

Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

13.3. No Effect On Indemnity

Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

14. LANDLORD DEFAULT

14.1. Remedies

In addition to the provisions for Landlord's default provided by Sections 9.4, 10.3, 19, and 20.2, Landlord shall be in default in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within five days after the giving of

written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10.3); provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such five day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("Landlord Default") is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein:

- a. to remedy such default or breach and deduct the costs thereof (including but not limited to attorney's fees) plus interest at the rate of ten (10%) per annum from the installments of Base Rent next falling due;
- b. to pursue the remedy of specific performance;
- c. to seek money damages from loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Base Rent next coming due; and/or
- d. to terminate this Lease.

14.2. Waiver

Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

14.3. Emergency

Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

15. ASSIGNMENT AND SUBLETTING

Tenant may assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent: provided, however, no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written

consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

16. ALTERATIONS AND ADDITIONS

16.1. Landlord Consent

Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria:

- a. Complies with all Laws;
- b. Is not visible from the exterior of the Premises or Building;
- c. Will not materially affect the systems or structure of the Building; and
- d. Does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building.

If Landlord fails to respond in writing within 30 days of such request, Landlord shall be deemed to approve the Alterations.

16.2. End of Term

Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

17. CONDEMNATION

17.1. Controlling Terms

If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

17.2. Total Taking

If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

17.3. Partial Taking

If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within 30 days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than 30 days or later than 90 days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within 30 days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

17.4. Restoration

Notwithstanding the preceding paragraph, if, within 30 days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within 90 days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

17.5. Award

The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

17.6. Waiver of Statute

Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the Superior Court to terminate this Lease in the event of a partial taking of the Premises.

18. INDEMNIFICATION

18.1. Tenant's Indemnity

Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorney's fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Tenant or its employees, or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors licensees, agents, employees or invitees.

18.2. Landlord's Indemnity

Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors, or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

19. INSURANCE

19.1. Landlord's Insurance

During the term of this Lease, Landlord shall maintain the following insurance:

- a. Commercial property insurance which shall:
- i. cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and
 - ii. be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value.
 - iii. Landlord shall carry insurance on any furniture and furnishings which will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises.

Insurance proceeds shall be payable to Landlord and Tenant as their interests may appear and be utilized for repair and restoration of the Premises.

- b. General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:
- i. per occurrence and general aggregate amount of \$5,000,000;
 - ii. products/completed operations aggregate of \$2,000,000 and
 - iii. personal and advertising injury of \$1,000,000.
- c. Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease.

19.2. Insurance Requirements

All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Tenant shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may carry.

19.3. Certificates

Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least 15 days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates must document that each party has named the other as an additional insured (or equivalent)

on its general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy, as required. Further, all certificates shall expressly provide that no less than 30 days' prior written notice shall be given to Tenant in the event of material change to , expiration or cancellation of the coverages or policies evidenced by the certificates.

19.4. Waiver of Subrogation

Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

20. PARKING

20.1. Tenant's Rights

Tenant shall have the right to the number of non-exclusive reserved parking stalls set forth in Section 1 without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking space are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

20.2. Remedies

Landlord acknowledges that it is a material term of this Lease that Tenant receive all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant, (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) Tenant may:

- a. terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective 30 days thereafter or
- b. Deduct from the Basic Rent thereafter accruing hereunder an amount each month equal to the Basic Rent times the percentage of Parking Spaces not so provided times 1.5 but such deduction from Basic Rent

shall be not less than ten percent (10%) nor more than one hundred percent (100%).

21. ENVIRONMENTAL MATTERS

21.1. Hazardous Materials

Tenant shall not cause nor permit, nor allow any of Tenant's employees agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standard, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

21.2. Landlord Indemnity

Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation

of laws relating to Hazardous Materials other than caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

22. ESTOPPEL CERTIFICATES

Tenant shall, within 30 days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

23. TENANT IMPROVEMENTS

Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

24. LIENS

Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or material ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

25. SUBORDINATION AND MORTGAGES

25.1. Subordination And Non-Disturbance

Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the

form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein.

25.2. Existing Deeds of Trust

The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith within 30 days after the execution of this Lease.

25.3. Request for Notice

Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the form of Document V in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

25.4. Notice of Default

If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any Notice of Default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten days within which to cure such Default.

26. SURRENDER OF POSSESSION

Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant may (but shall not be required to) remove, at its own expense, all fixtures, equipment and all other personal property place or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

27. SIGNAGE

Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances.

28. QUIET ENJOYMENT

So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

29. GENERAL

29.1. Headings

Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

29.2. Successors and Assigns

All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

29.3. Brokers

Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation.

29.4. Entire Agreement

This Lease (and the Landlord's Work Letter and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

29.5. Severability

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

29.6. Notices

All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

29.7. Governing Law and Forum

This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

29.8. Waivers

No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

29.9. Time of Essence

Time is of the essence for the performance of all of the obligations specified hereunder.

29.10. Consent

Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if

not refused within ten (10) days after written request is made therefore, together with all necessary information.

29.11. Community Business Enterprises

Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document III in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

29.12. Memorandum of Lease

If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of lease in the form of Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith, which Memorandum may be recorded by Tenant in the Official Record of Los Angeles County.

30. AUTHORITY

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Officer of the County or its delegate (the "Chief Executive Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Basic Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

31. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

31.1. Consideration of GAIN Program Participants

Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

31.2. Solicitation of Consideration

It is improper for any County officer employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of a lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County Manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the termination of the Lease.

31.3. Landlord Assignment

- a. Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Base Rent directly to any assignee or transferee, but only if the conditions set forth in this Section are met.
- b. Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed

without full compliance with the requirements of this Section shall be void.

- c. Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County. However, Landlord may not encumber the Property through any type of bond financing vehicle, including but not limited to certificate of participation financing.
- d. Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of \$500,000 or 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.
- e. Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Base Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.
- f. Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.
- g. The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

32. IRREVOCABLE OFFER

In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County (if applicable) in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

Saddleback Square, LLC

By: 

Donald Lam, Managing Partner

TENANT:

COUNTY OF LOS ANGELES
a body politic and corporate

By: 

~~Chair, Board of Supervisors~~

GLORIA MOLINA

CHAIR, PRO TEM, BOARD OF SUPERVISORS

ATTEST:

Sachi A. Hamai
Executive Officer-Clerk
of the Board of Supervisors



I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By: 

Deputy

By: 

Deputy

APPROVED AS TO FORM:
Raymond G. Fortner, Jr.
County Counsel

By: 

Deputy:

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#07

DEC 09 2008


SACHI A. HAMAI
EXECUTIVE OFFICER

76864

EXHIBIT A

FLOOR PLAN OF PREMISES

SUITE #3005 PLAN

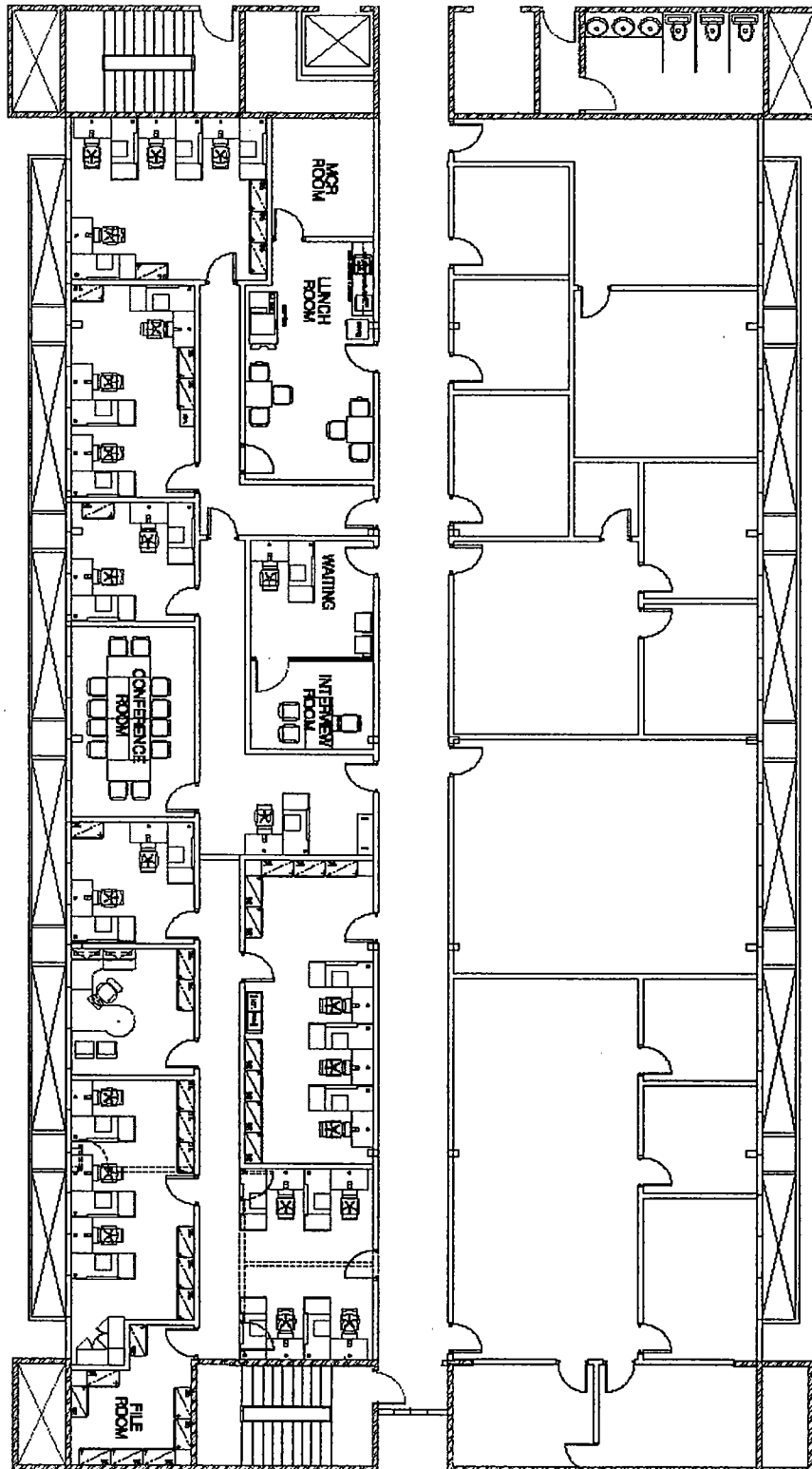


EXHIBIT B

LEGAL DESCRIPTION OF PREMISES

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated _____, 2008, between County of Los Angeles, a body politic and corporate ("Tenant"), and Saddleback Square, LLC, a California Limited Liability Corporation ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 12440 Firestone Blvd, Norwalk, California 90650 ("Premises"),

Landlord and Tenant hereby acknowledge as follow:

- 1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date").
- 2) Tenant has accepted possession of the Premises and now occupies the same;
- 3) The Lease commenced on _____ ("Commencement Date").
- 4) The Premises contain _____ rentable square feet of space; and

For clarification and the purpose of calculating future rental rate adjustments:

- 1) Base Rent per month is _____.
- 2) The Base Index Month is _____.
- 3) The Base Index is _____.
- 4) The New Index Month is _____.

IN WITNESS WHEREOF, this memorandum is executed this _____ day of _____, 200__.

Tenant: COUNTY OF LOS ANGELES a body politic and corporate By: _____ Name _____ Its _____	Landlord: _____ a _____ By: _____ Name _____ Its _____
--	---

EXHIBIT D

HEATING, VENTILATION AND AIR CONTITIONING

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit we bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

EXHIBIT E (continued)
CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Graffiti expunged as needed within two working days after notice by Tenant
- K. Floors washed as needed.
- L. Kitchen/lunchroom supplies replenished including paper supplies and soap.

2. WEEKLY

- A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
- B. Window sills, ledges and wood paneling and molding dusted.

3. MONTHLY

- A. Floors washed and waxed in uncarpeted office area.
- B. High-reach areas, door frames and tops of partitions dusted.
- C. Upholstered furniture vacuumed, plastic and leather furniture wiped
- D. Picture moldings and frames dusted.
- E. Wall vents and ceiling vents vacuumed.
- F. Carpet professionally spot cleaned as required to remove stains.
- G. HVAC chiller water checked for bacteria, water conditioned as necessary.

4. QUARTERLY

- A. Light fixtures cleaned and dusted, but not less frequently than quarterly.
- B. Wood furniture polished.
- C. Draperies or mini-blinds cleaned as required, but not less frequently than quarterly.

EXHIBIT E (continued)
CLEANING AND MAINTENANCE SCHEDULE

- D. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

- A. Windows washed as required inside and outside but not less frequently than twice annually.
- B. All painted wall and door surfaces washed and stains removed.
- C. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

- A. Furniture systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.
- B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.
- C. Touch-up paint all interior painted surfaces in a color and finish to match existing.

7. AS NEEDED

- A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.
- B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.
- C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning:
 - i. heavy traffic areas as needed with a minimum frequency of annually [one (1) time per year];
 - ii. moderate traffic areas cleaned as needed with a minimum of once every six (6) months [two (2) times per year]; and
 - iii. clean light traffic areas a minimum of once per year.

Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.

EXHIBIT E (continued)
CLEANING AND MAINTENANCE SCHEDULE

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

LANDLORD'S WORK LETTER

For

**COUNTY OF LOS ANGELES
Chief Executive Office
Lease and Agreement**

**DEPARTMENT OF MENTAL HEALTH – Tenant
SADDLEBACK SQUARE, LLC – Landlord**

**12440 FIRESTONE BOULEVARD
SUITE 3001
NORWALK, CALIFORNIA**

TABLE OF CONTENTS

1.	BASIC WORK LETTER INFORMATION	1
	a. Base Tenant Improvement Allowance	1
	b. Additional Tenant Improvement Allowance	1
	c. Additional Tenant Improvement Amortization Rate:	1
	d. Basic Rent Reduction per \$1000:	Error! Bookmark not defined.
	e. Tenant's Work Letter Representative:	1
	f. Landlord's Work letter Representative:	1
	h. Tenant's Address for Work Letter Notice	1
	i. Addenda	2
2.	CONSTRUCTION OF THE BUILDING	2
	2.1. BASE BUILDING IMPROVEMENTS	2
	2.2. ADDITIONAL COSTS NOT TENANT IMPROVEMENT COSTS	2
	2.3. BASE BUILDING PLANS	3
3.	SELECTION OF ARCHITECT AND ENGINEER	3
4.	SELECTION OF CONTRACTOR	3
5.	PREPARATION OF PLANS AND	4
	5.1. PREPARATION OF SPACE PLAN	4
	5.2. PREPARATION AND APPROVAL OF WORKING DRAWINGS	4
	5.3. PREPARATION AND APPROVAL OF ENGINEERING DRAWINGS	4
	5.4. INTEGRATION OF WORKING DRAWINGS AND ENGINEERING DRAWINGS INTO FINAL PLANS	5
	5.5. APPROVAL OF PLANS BY TENANT	5
	5.6. SCHEDULE	5
6.	FINAL CONSTRUCTION BUDGET AND	5
	6.1. CONSTRUCTION BUDGET	5
	6.2. ADDITIONAL TENANT IMPROVEMENT ALLOWANCE	6
	6.3. METHOD OF PAYMENT	6
7.	CONSTRUCTION OF TENANT IMPROVEMENTS	7
	7.1. TENANT IMPROVEMENTS	7
	7.2. BIDS	7
	a. Permits	7
	b. Commencement of Construction	7
	7.3. CONSTRUCTION	8
	a. Notice of Non-responsibility	8
	b. Decorating Decisions	8
	c. Clean-Up and Substandard Work	8
	d. Compliance with Laws	8
	7.4. CONFORMED PLANS	9
8.	CHANGE ORDERS	9
9.	FURNITURE SYSTEM	10
	9.1. FURNITURE BID REQUIREMENTS	10
	9.2. FURNITURE FINANCING	10
10.	TENANT IMPROVEMENT COSTS ADJUSTMENT AND RIGHT TO AUDIT	10

11.	EXCLUSIONS	11
12.	TELEPHONE/COMPUTER ROOM AND EQUIPMENT	11
13.1.	TENANT DELAYS AND FORCE MAJEURE DELAYS	11
13.2.	LIMITATIONS	12
a.	Notice	12
b.	Mitigation	12
c.	Concurrent Delays	12
d.	Change Orders	12
14.	TENANT REMEDIES	12
15.	REPRESENTATIVES.....	13
15.1.	TENANT REPRESENTATIVE	13
15.2.	LANDLORD REPRESENTATIVE	13
16.	ELEVATOR USAGE DURING MOVE-IN	14
17.	CONSTRUCTION MEETINGS.....	14
18.	DELIVERY.....	14

Addendum A – Base Building Improvements
Addendum B – Tenant Improvements
Addendum C – Form of Budget
Addendum D – Costs of Tenant Improvements

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated _____, 2008, executed concurrently herewith, by and between Saddleback Square, LLC as Landlord, and COUNTY OF LOS ANGELES as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. BASIC WORK LETTER INFORMATION

The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

a. <u>Base Tenant Improvement Allowance</u>	Landlord to provide build-out pursuant to Tenant space plan.
b. <u>Additional Tenant Improvement Allowance</u>	\$153,125. (\$35.00 per rentable square foot.
c. Additional Tenant Improvement Amortization Rate:	<u>8%</u> per annum
d. Tenant's Work Letter Representative:	Clemmie Booker
e. Landlord's Work letter Representative:	Lindsey Knobloch 1211 W Imperial Hwy #200 Brea, CA 92821
f. Landlord's Address for Work letter Notice:	Saddleback Square, LLC <u>1211 W Imperial Hwy #200</u> <u>Brea, CA 92821</u>
g. Tenant's Address for Work Letter Notice	Board of Supervisors Kenneth Hahn Hall of Administration, Room 383 500 West Temple Street Los Angeles, California 90012 With a copy to: Chief Administrative Office



	Real Estate Division 222 South Hill Street, 3 rd Floor Los Angeles, California 90012 Attention : Director of Real Estate Fax Number: (213) 217-4971
h. <u>Addenda</u>	Addendum A: Base Building Improvements Addendum B: Tenant Improvements Addendum C: Form of Budget Addendum D: Costs of Tenant Improvements

2. **CONSTRUCTION OF THE BUILDING**

2.1. Base Building Improvements

Landlord has constructed or shall construct the base Building improvements as a part of the Building described on Addendum A hereto (the "Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Tenant Improvements (as defined below) only to the extent such changes or additions are specifically described in Addendum B hereto.

2.2. Additional Costs Not Tenant Improvement Costs

- a. In the event that the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs.
- b. Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or make existing building systems, including, but not limited to, electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Tenant Improvement Costs shall not include any costs associated with:



- i. asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes",
 - ii. fire sprinkler system installation or upgrade,
 - iii. conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere,
 - iv. utility costs incurred during construction,
 - v. costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease, or
 - vi. supervision or overhead costs of Landlord.
- c. Landlord shall be solely responsible for all costs and expenses necessary to increase permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses.

2.3. Base Building Plans

Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2000 format. In the event Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, such increased costs will be reimbursed to Tenant and any delay caused thereby shall not be a Tenant Delay, as defined below.

3. SELECTION OF ARCHITECT AND ENGINEER

Landlord shall promptly solicit at least three (3) proposals from qualified licensed architects ("Architect") and engineers ("Engineer") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings as defined below. The Architect and the Engineer shall be selected by Landlord subject to Tenant's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three (3) business days after Landlord has submitted the name of the Architect and the Engineer to Tenant together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.

4. SELECTION OF CONTRACTOR

The Final Plans, as defined below, and a proposed construction contract approved by Tenant, shall be submitted to contractors, selected by Landlord and approved by Tenant, sufficient in number so that a minimum of three (3) bids are received. Each approved contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct



the Tenant Improvements designated on the Final Plans. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with Landlord consistent with the terms of the bid to construct the Tenant Improvements.

5. PREPARATION OF PLANS AND SPECIFICATIONS AND CONSTRUCTION SCHEDULE

5.1. Preparation of Space Plan

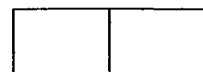
Concurrently with the execution of this Lease, Tenant shall submit to Landlord a space plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room (the "Space Plan").

5.2. Preparation and Approval of Working Drawings

Within ten (10) days of the date the Space Plan is submitted to Landlord (the "Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of Working Drawings (the "Working Drawings"), which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review. Landlord shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

5.3. Preparation and Approval of Engineering Drawings

Landlord shall cause the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review.



5.4. Integration of Working Drawings and Engineering Drawings into Final Plans

After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver five (5) sets of the Final Plans to Tenant. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements) and power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.5. Approval of Plans by Tenant

Approval by Tenant shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements.

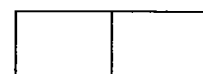
5.6. Schedule

Within thirty (30) days after the Plan Submission Date, Landlord shall submit to Tenant a detailed construction schedule, subject to approval by Tenant which approval shall not be unreasonably withheld, setting forth the dates specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, Projected Commencement Date and other similar dates. As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

**6. FINAL CONSTRUCTION BUDGET AND
PAYMENT OF TENANT CONSTRUCTION COSTS**

6.1. Construction Budget

Within three (3) days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary budget (the "Preliminary Budget") in a format similar



to Addendum C attached hereto. Such budget shall be revised into final form within ten (10) days from of the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Tenant shall have five (5) days from the date of receipt of the Final Construction Budget to approve or disapprove the Final Construction Budget. Construction of the Tenant Improvements shall not begin until such time as Tenant indicates its approval or disapproval of the Final Construction Budget or the five (5) day period expires without any response from Tenant. In the event Tenant disapproves the Final Construction Budget due to matters related to cost and the Final Construction Budget is ten percent (10%) or more higher in cost than was projected in the Preliminary Construction Budget, then any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. Landlord shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. No fee for profit, overhead or general conditions in connection with the construction of the Tenant Improvements shall be included in the Final Construction Budget unless approved by Tenant.

6.2. Additional Tenant Improvement Allowance

All improvements required by the Working Plans and modular furniture described in the Modular Specifications, as further described in Addendum B hereto, shall be Tenant Improvements and shall be at Landlord's sole cost and expense ("Tenant Improvements"). Costs of Tenant Improvements shall included costs for furniture,soft costs and any other costs designated in writing by Tenant in the aggregate not to exceed the Base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and costs of Change Orders, as defined below ("Tenant Improvement Costs"). Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from Tenant Delays as defined below. It is anticipated that the Tenant Improvement Costs will exceed the Tenant Improvement Allowance so that Tenant may authorize Landlord to pay the overage in an amount not exceeding the Additional Tenant Improvement Allowance. The amount of the Additional Tenant Improvement Allowance shall be paid to Landlord as provided herein.

6.3. Method of Payment

That portion of the Additional Tenant Improvement Allowance used to pay for the Tenant Improvement Costs may, at Tenant's election be paid to Landlord:

- a. in a lump sum when the Tenant Improvements are Substantially Complete, or



- b. in amortized monthly payments over the term of the Lease at the Tenant Improvement Amortization Rate.

Tenant may at any time during the Term prepay Landlord in a lump sum for all or any portion of the Tenant Improvement Costs, amortizing any remaining amount in monthly payments over the tem of the Lease at the Tenant Improvement Amortization Rate.

7. CONSTRUCTION OF TENANT IMPROVEMENTS

7.1. Tenant Improvements

Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum B hereto the work shall be performed by Landlord at its own cost and expense and not included in the cost of Tenant Improvements.

7.2. Bids

Unless waived by Tenant in writing, any major contractors, subcontractors and materials providers providing labor and/or materials for the Tenant Improvements shall be selected only after three (3) bids have been solicited from responsible and qualified persons. Landlord shall submit three (3) sealed fixed price bids for the construction of the Tenant Improvements to Tenant for its review prior to the award of the Construction Contract. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. Three (3) bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

a. Permits

Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

b. Commencement of Construction

Landlord shall commence construction of the Tenant Improvements within fifteen (15) days after issuance of all such necessary permits. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays.



7.3. Construction

Construction of the Tenant Improvements will be subject to the following terms and conditions:

a. Notice of Non-responsibility

Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of non-responsibility by Tenant

b. Decorating Decisions

All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts required by Tenant, shall be provided by Landlord at Landlord's expense in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

c. Clean-Up and Substandard Work

Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Landlord or its contractors, and agrees to reimburse Tenant for any and all expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor or contractors (as reasonably determined by Tenant according to the usual standards of work in the Building) or as a result of inadequate clean-up.

d. Compliance with Laws

Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors which are applicable to the work, are filed with the Clerk of the Board of Supervisors and must be posted at the site.



7.4. Conformed Plans

Within sixty (60) days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted on three and one-half inch (3½") 1.4Mb magnetic media diskettes in Auto CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

8. CHANGE ORDERS

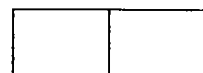
Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. The amount of the Maximum Change Order Allowance set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized Change Orders but only the Chief Administrative Officer is authorized to approve Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Change Orders does not exceed the Maximum Change Order Allowance. Tenant may elect to pay for Change Orders

- a. in a lump sum upon Substantial Completion of the Tenant Improvements, or
- b. amortize the costs over the term of the Lease at the Change Order Amortization Rate per month for each ONE THOUSAND DOLLARS (\$1,000.00) of Change Order costs.

Landlord shall submit to the Chief Administrative Officer with each requested Change Order:

- i. the specific cost of the requested change,
- ii. the cumulative net total cost of all Change Orders previously approved, and
- iii. an estimate of the construction time which will be increased or shortened if the Change Order is approved.

Each Change Order must be signed and dated by the Chief Administrative Officer.



9. FURNITURE SYSTEM

9.1. Furniture Bid Requirements

Tenant shall deliver to Landlord within ten (10) days after execution hereof, modular furniture plans and specifications (the "Modular Specifications"). Based on the Modular Specifications, Landlord and /or Landlord's architect, shall prepare a modular furniture specifications bid package for submission to no less than three (3) furniture vendors. Prior to submission for bids, Landlord shall review the bid package with Tenant and Tenant shall have the right to approve or disapprove the bid package. Landlord shall provide at its cost the modular furniture set forth in the Modular Specifications and shall not be responsible for the cost of such modular furniture in excess of the Additional Tenant Improvement Allowance. Tenant shall reimburse the Landlord in a lump sum or in accordance with a financed transaction entered into between Landlord and the furniture vendor acceptable to the Tenant, including, but not limited to, a lease purchase agreement, provided the outstanding balance can be no more than One Dollar (\$1) at the end of a term not to exceed one hundred twenty (120) months.

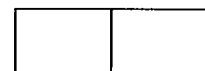
9.2. Furniture Financing

Tenant may opt to finance the lump-sum payment for the cost of modular furniture through lease-purchase financing with a third-party Landlord (Creditor"). In the event the Tenant elects to enter into a lease-purchase financing of the furniture and telecommunications equipment (the "Personal Property") through a Creditor, Landlord expressly agrees as follows:

- a. The Personal Property shall not become part of the realty or real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage occasioned by such removal shall be repaired by Creditor.
- b. Landlord shall be notified by Creditor of any plan by Creditor to remove the Personal Property.
- c. Landlord does hereby waive any right to gain possession of any of Personal Property during the term of this Lease.

10. TENANT IMPROVEMENT COSTS ADJUSTMENT AND RIGHT TO AUDIT

Within five (5) days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of Norwalk, which ever occurs first, Landlord shall provide to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total



amount payable hereunder by Tenant to Landlord. Upon approval of the statement by Tenant, payments by either party pursuant to the Lease and this Landlord's Work Letter shall be adjusted as appropriate, based upon such statement. Tenant shall have the right to audit these costs for a period of twenty-four (24) months from the date of acceptance by Tenant of the Premises. In the event the audit shows that Tenant is entitled to a reduction in payments to the Landlord under this Landlord's Work Letter, Tenant shall provide Landlord with a copy of the audit summary and Landlord shall pay Tenant the amount of any overpayment made by Tenant within thirty (30) days and future payments shall be adjusted as appropriate based upon the audit results.

11. EXCLUSIONS

The Tenant Improvement cost shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Landlord.

12. TELEPHONE/COMPUTER ROOM AND EQUIPMENT

Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Space Plan and specifications provided by Tenant, at least thirty (30) days prior to the Projected Commencement Date. During this thirty (30) day period, the Landlord shall be responsible for any telephone/data equipment delivered to the site for programming prior to the Projected Commencement Date.

13. DELAY

13.1. Tenant Delays and Force Majeure Delays

Except as set forth herein, no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease and, except as set forth herein or in the Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements. Subject to the provisions of Section 13.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that:

- c. Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or
- d. Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a

public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

13.2. Limitations

a. Notice

No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within forty-eight (48) hours of the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

b. Mitigation

Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only in the event that Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided such additional cost incurred by Landlord due to such effort does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to such excess).

c. Concurrent Delays

Tenant Delays and Force Majeure Delays shall be recognized hereunder only to the extent the same are not concurrent with any other Tenant Delay or Force Majeure Delay which is effective hereunder. For example, if there are ten (10) days of Tenant Delays and four (4) days of Force Majeure Delays which occur during the same ten (10) day period of such Tenant Delays, then the Projected Commencement Date would be extended by only ten (10) days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, the Projected Commencement Date would be extended by fourteen (14) days.

d. Change Orders

Landlord may not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the Change Order authorization.

14. TENANT REMEDIES

If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration, or if Tenant

Improvements have not been completed within sixty (60) days from the Projected Commencement Date, Tenant may, at its option:

- a. Cancel the Lease upon thirty (30) days written notice to Landlord; or
- b. Upon thirty (30) days written notice to Landlord, assume the responsibility for providing the Tenant Improvements itself. If Tenant elects to provide tenant improvements itself, then:
 - i. Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises and the Building at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto; and
 - ii. Rent shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of six percent (6%) ("Tenant's Total Expense"). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five (5) years and deducted from the rent payable hereunder.

Any default by Landlord under the terms of this Landlord's Work Letter shall constitute a default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

15. REPRESENTATIVES

15.1. Tenant Representative

Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Landlord's Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.

15.2. Landlord Representative

Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.

16. ELEVATOR USAGE DURING MOVE-IN

In the event that the use of the freight elevators and/or hoists is not sufficient to meet Tenant's requirements, Landlord shall cause to be made operational:

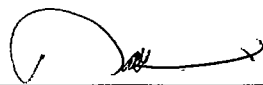
- a. temporary construction elevator and hoist, or
- b. Tenant shall have priority usage of two (2) passenger elevators in the elevator bank that services the Premises in order to assist Tenant in the installation of Tenant's fixtures, furniture and equipment.

17. CONSTRUCTION MEETINGS

During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five (5) days of the date the Contractor is selected.

18. DELIVERY

Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

TENANT: COUNTY OF LOS ANGELES a body politic and corporate By _____ William L. Dawson Acting Director Real Estate Date Signed _____	LANDLORD: SADDLEBACK SQUARE, LLC By:  _____ Donald Lam Managing Partner Date Signed <u>8/27/08</u>
--	--

ADDENDUM A
To Landlord's Work Letter

BASE BUILDING IMPROVEMENTS

Landlord has constructed (or will construct) the Building to include the following:

- a. the Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;
- b. the core area, including mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;
- c. men's and women's toilet rooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- d. unpainted exterior dry wall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows;
- e. public stairways;
- f. passenger and freight elevators;
- g. parking facilities;
- h. ground floor lobby;
- i. finished elevator lobbies (with carpet, lights, finished walls and ceiling);
- j. exterior plazas and landscaping;
- k. loading dock and/or area;
- l. drinking fountains at the core;
- m. electrical/telephone closet with not less than seven (7) watts per square foot of rentable area of normal power in the floor electrical closet;
- n. conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord

unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets on floors _____, in which case Landlord, at no cost to Tenant and without deduction from the Tenant Improvement Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);

- o. two (2) 208/120 and one (1) 480/277 bolt panels connected to the Building power system;
- p. mechanical equipment room with ducted mechanical exhaust system;
- q. concrete floors with trowelled finish, level to specified tolerances and designed to support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty (20) pounds per square foot;
- r. standard window coverings;
- s. primary HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core;
- t. hot and cold air loops located within the Premises;
- u. primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises;
- v. primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution;
- w. access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for fluorescent lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and
- x. gypsum board on the service core walls, columns and sills in the Premises.

ADDENDUM B
To Landlord's Work Letter

TENANT IMPROVEMENTS

Tenant improvements shall include:

- a. Tenant ceilings and lighting;
- b. Floor finish in the Premises (except elevator lobbies and public corridors on multi-tenant floors and toilet rooms);
- c. Interior finishes of any kind within the Premises (except elevator lobbies and public corridors on multi-tenant floors and core area toilet rooms);
- d. Interior partitions, doors and hardware within the Premises;
- e. Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises;
- f. Tenant's furniture, fixtures and equipment, not including telephones, computers and cabling therefore;
- g. Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- h. Any and all signs for Tenant and the power therefore;
- i. Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- j. Additional and/or above standard electrical capacity; and
- k. Fiber optic access.

ADDENDUM C
To Landlord's Work Letter

FORM OF BUDGET

ADDENDUM D

To Landlord's Work Letter

COSTS OF TENANT IMPROVEMENTS